

Abstract

A system and method for assisting a bank in meeting all or a portion of the bank's investment test requirement under the Community Reinvestment Act (CRA) on a tax-advantaged basis. New or existing cash value life insurance policies owned by the bank on the lives of employees of the bank are provided, wherein the cash-value life insurance policies designate the bank as owner and beneficiary. The assets which support the cash value of the life insurance policies are maintained in a separate account that is protected from general creditors of an issuer of the life insurance policies. The assets in the separate account are used to purchase one or more bank-eligible securities that are qualified investments, which promote community development, as defined under the CRA. The assets in the account grow on a tax-advantaged basis, and specific qualified investments in the separate account are attributed to the bank to satisfy the investment test requirement of the bank under the CRA.